United Nations E/ICEF/1999/5

Economic and Social Council

Distr.: General
4 November 1998

Original: English

United Nations Children's Fund
Executive Board
First regular session 1999
19-22 and 25 January 1999
Item 4 of the provisional agenda*

For action

The UNICEF resource mobilization strategy

Summary

The present report contains the UNICEF resource mobilization strategy, as requested by the Executive Board in decision 1998/6 (E/ICEF/1998/6/Rev.1). It is based on the draft resource mobilization strategy submitted to the Board at its second regular session of 1998 (E/ICEF/1998/14) and draws on comments made by delegations at that session and at the intersessional meeting held on 19 October 1998.

Chapter I contains a discussion of the context and development of the resource mobilization strategy. Chapter II presents the strategy itself, which focuses on increased contributions to core resources and burden-sharing, greater predictability of contributions to core resources, supplementary funds, supporting strategies and actions and other means of mobilizing resources for UNICEF and for children. The Executive Director's recommendation is found in chapter III.

* E/ICEF/1999/2.

98-33671

Contents

		Paragraphs	*Page*
I.	Context and development of the resource mobilization strategy	1 - 30	3
	A. Introduction	1 - 3	3
	B. The rationale for a resource mobilization strategy	4 - 9	3
	C. The context of the work of UNICEF: the medium-term plan, the funding target and results	10 - 17	4
	D. The base of support for UNICEF	18 - 24	5
	E. The nature of contributions to UNICEF	25 - 30	6
II.	The resource mobilization strategy	31 - 69	7
	A. Increased contributions to core resources and burden-sharing	32	7
	B. Greater predictability of contributions to core resources	33	8
	C. Supplementary funds	34 - 42	8
	D. Supporting strategies and actions	43 - 59	10
	E. Other means of mobilizing resources for UNICEF and for children	60 - 69	11
III.	Recommendation	70	13

I. Context and development of the resource mobilization strategy

A. Introduction

1. Throughout 1998, the Executive Board worked with the secretariat to develop a resource mobilization strategy for UNICEF, providing guidance at all three formal sessions and at inter-sessional meetings. Those discussions helped the secretariat to prepare a series of reports that culminated in a draft resource mobilization strategy (E/ICEF/1998/14), which was presented at the second regular session. The Board's comments about the draft strategy helped the secretariat to refine the resource mobilization strategy outlined in chapter II below.

2. The context for developing the resource mobilization strategy was provided by General Assembly resolution 50/227 of 24 May 1996, in which the Assembly decided that the governing bodies of the funds and programmes should adopt, in the context of their programme arrangements and financial plans, a specific and realistic target for core resources, based on their programme needs and specific mandates. The Assembly stated that the governing bodies of the funds and programmes should take decisions on their own funding arrangements, and stressed the importance of keeping Member States informed of the financial picture of the funds and programmes, as well as the relationship between programme requirements and available funding.

3. The Economic and Social Council, in resolution 1997/59 of 24 July 1997, recommended that the Executive Boards of the funds and programmes review and monitor their funding arrangements, with a view to making funding more secure and predictable with respect to core resources, and with a view to meeting their funding targets, their programme objectives and the priorities and needs of programme countries. The Council called upon the Executive Boards to take decisions on their own funding arrangements in accordance with Assembly resolution 50/227.

B. The rationale for a resource mobilization strategy

4. Resource mobilization is increasingly important for UNICEF because core resources income has remained fairly stagnant and supplementary funding has declined in recent years. Paradoxically, this situation has coincided with the growing realization that without renewed commitments and increased resources, the major goals set by the World Summit for Children in the areas of child and maternal mortality, malnutrition, access to basic quality education and water and sanitation will not be met at the global level by the end of the decade. At the same time, evidence is emerging that poverty is spreading and deepening, especially as a result of the growing financial crisis in many parts of the world. The two-tiered global economy is leading to growing polarization and the marginalization of the most vulnerable and disadvantaged groups, including women and children. The Executive Board has expressed concern about this gap in funding creating barriers to reaching the major goals at the global level, hence the urgency of a viable resource mobilization strategy. With increased resources, UNICEF will be better placed to support government efforts for children and women.

5. Of course, achieving the global commitments for children does not concern UNICEF alone. Investment in children is a prerequisite for future social and economic development, and must involve donor and programme countries and the entire international community. However, UNICEF, as the lead United Nations agency for children, cannot afford at this critical point to be overcautious and to turn away from its tradition of believing that with sufficient political will, the seemingly impossible can indeed be possible. UNICEF has a history of working against the odds and succeeding, and its future should be no less than its past.

6. While UNICEF will continue to leverage resources for children at every opportunity, the resource mobilization strategy focuses on increasing contributions to UNICEF resources, which are essential to the organization's ability to fulfil its mandate and mission.

7. Also fundamental to the strategy is the principle that UNICEF, as a member of the United Nations system, is an intergovernmental body whose core basis of support must remain contributions from Governments. This in no way diminishes the importance of the unique and invaluable support provided to UNICEF from the private sector and the general public around the world, through the National Committees for UNICEF and non-governmental and other private sources. The Committees are critical partners which now contribute about one third of the organization's core resources, and their distinctive contribution must be encouraged and enhanced. Indeed, the secretariat has taken a number of measures, including the reorganization of the Private Sector Division (PSD),

both to support the Committees and increase their potential for contributing to meeting the needs of children through UNICEF, and to develop new sources of non-governmental contributions. However, to avoid changing the character of UNICEF, voluntary contributions from Governments must increase and become more predictable, together with those from the private sector. This is the primary challenge of the resource mobilization strategy.

8. While increased and more predictable core resources are necessary for UNICEF to continue its mission, supplementary funds are equally vital to the organization, as they allow UNICEF to implement fully the country programmes approved by the Executive Board and to respond rapidly and efficiently to emergencies. The strategy, therefore, also addresses ways of mobilizing both regular and emergency supplementary funds. It also describes how UNICEF intends to strengthen private sector contributions, which account for one third of its income, and how it is working to mobilize resources from other partners, including the international financial institutions.

9. As a member of the United Nations development system, UNICEF is committed to maintaining the fundamental characteristics of that system, i.e., universality, neutrality, multilateralism and a voluntary nature, while respecting the priorities of programme countries and responding to the needs of the developing countries in a flexible manner. To that end, the resource mobilization strategy is based on collective ownership and partnership, is programme-driven and encourages partnerships with programme and donor countries, lending institutions, the private sector and foundations.

C. The context of the work of UNICEF: the medium-term plan, the funding target and results

10. Major priorities for UNICEF are to support Governments in achieving and sustaining the goals set by the World Summit for Children and in ensuring that children's and women's rights are respected, in accordance with the Convention on the Rights of the Child and the Convention on the Elimination of All Forms of Discrimination against Women. With the development of the United Nations Development Assistance Framework, these priorities will be articulated at country level with a common United Nations system perspective. As indicated in the report to the Board's annual session on follow-up to the World Summit for Children (E/ICEF/1998/8), meeting the Summit goals will require renewed efforts by Governments in a number of areas. While UNICEF has a role to play in this process, as catalyst and partner, it is important that all countries rededicate themselves to the challenge of attaining the goals by the end of the decade.

11. The medium-term plan (MTP) for 1998-2001, approved by the Executive Board at the second regular session in September 1998, outlines a vision for children into the next century and provides direction for country programmes. This four-year, strategic and results-based framework, which is updated biennially, integrates UNICEF programme objectives, the financial plan and the funding target. The MTP outlines organizational priorities and strategies, including programme priorities related to the unfinished agenda of the World Summit for Children and areas of emerging priority, as well as a rights-based approach to programming. As a framework, the MTP reflects the mandate and priorities of UNICEF as determined by the Executive Board and stresses concrete results for children at field level. The allocation of resources detailed in the financial plan, which is updated annually, adheres to the Board's decision on the allocation of general resources and the relationship between programme and support budget allocations. The financial plan, which is based on a careful analysis of projected income, allows for the preparation of specific country programme recommendations and assures that annual expenditure does not exceed resource availability. The financial plan also drives the preparation of the biennial support budget, which is presented to the Executive Board every second year in years when the MTP is not.

12. In order to integrate fully the reporting on progress and results into the strategic framework that the MTP represents, henceforth in her annual report to the Board, the Executive Director will report on progress made against the plan, specifying outcomes and results.

13. Closely linked to the resource mobilization strategy is the plan's funding target of $1.5 billion by 2005, which implies an annual growth rate in income of 7 per cent. The MTP includes a financial plan which projects the level of income which UNICEF expects to receive during the plan period 1998-2001, based on past performance and available indicators. Bridging the gap between the amount of money UNICEF needs to accomplish its priorities and the amount it currently expects to receive, is formidable but nonetheless possible. The additional resources will enable UNICEF to intensify, expand or accelerate implementation of specific catalytic activities

in support of national efforts to meet the goals of the World Summit for Children. The funding target is a crucial element in the strategy to mobilize additional resources because it provides a reasonable, achievable goal which challenges donors and would allow UNICEF to achieve its programme priorities.

14. Although much work remains to be done by the international community to estimate better the cost of interventions aimed at children's and women's well-being, both the draft resource mobilization strategy and the MTP presented illustrative examples of some of these costs. The MTP stated that achieving 90 per cent coverage of both immunization and vitamin A supplementation in some 50 countries with a high under-five mortality rate will require about $60 million per year in external assistance; preventing and treating malaria in the 20 most affected countries approximately $115 million per year; and measles control in endemic countries, $25 million in aid. The secretariat hopes that some countries will be able to respond to these initiatives with additional funding for UNICEF, preferably with contributions to core resources, or if this is not possible, with earmarked supplementary funds. The secretariat, through its Programme Funding Office (PFO), will pursue this actively with donors.

15. The impact of additional resources channeled through UNICEF will be measured through the mechanisms for monitoring and evaluating programmes that already are in place throughout UNICEF and through the country programme process, which includes an analysis of lessons learned from past programme implementation, annual and mid-term reviews and annual country, regional and global reports. As stated in the MTP, monitoring of its implementation will build on recent advances by UNICEF in management approaches, including the clarification of accountabilities at all levels; the integration of the new management information systems (the Programme Manager System (PROMS), the Integrated Management Information System and the Financial and Logistics System (FLS)); a more systematic approach to oversight; Programme Division's accountability for programme quality assurance; and the revision of guidelines for policies and procedures for programme planning. The MTP also discusses the distinction between monitoring and reporting on UNICEF performance and on results for children.

16. Implementation of activities will depend on the level and type of allocations of additional resources to UNICEF. Core resources are the backbone of the organization's funding and thus are an essential determinant of the capacity of UNICEF offices. Core resources are used to build the capacity of Governments and civil society organizations, while ensuring high-priority support to least developed countries and remaining responsive and flexible in the approaches used. Supplementary funds generally are used to support specific short-term activities with clearly defined expected results and build directly on the foundation provided by core resources. Without a strong UNICEF programme based on core resources, it would not be possible to use effectively earmarked supplementary funds.

17. UNICEF is well-positioned to focus on these priorities because of its mandate to serve as an advocate for the protection of children's rights, to help meet children's basic needs and to expand their opportunities to reach their full potential. In its programmes in 161 countries and territories (with 125 country offices), UNICEF carries out activities that are based on a mix of service delivery, capacity-building, empowerment and advocacy, and which focus on helping Governments to achieve demonstrable results for children and women. Since the founding of UNICEF in 1946, the organization's successes have resulted in widespread public support and a distinct identity that is known the world over. UNICEF thus has been able to act as a moral force and to generate political will and resources for children. That record of achievement is the foundation of UNICEF support and is central to the resource mobilization strategy.

D. The base of support for UNICEF

18. UNICEF has two distinct bases of support. It is supported by Governments in its capacity as one of the funds and programmes of the United Nations multilateral system of operational activities for development. It is also supported by civil society around the world - individuals, groups and private corporations who believe that children in particular deserve special attention, support and help, and believe that UNICEF is well placed to make a difference for them.

Government support

19. UNICEF is an intergovernmental organization, operating under the guidance of the Executive Board and in accordance with the decisions of the Economic and Social Council and the General Assembly. Voluntary contributions from Governments provide about two thirds of its total resources. As the lead United Nations agency

for children, UNICEF operates on the basis of a global consensus for its activities through its governance structure. Its mission has been approved by the Executive Board. The Board approves both its global strategies and individual country programmes of cooperation, which are developed in close cooperation with host Governments. As such, the "ownership" of UNICEF rests with Governments.

20. Members of the Executive Board have underlined the importance of continued voluntary government support for UNICEF, while at the same time recognizing the importance of private sector contributions. Many delegations, from both donor and programme countries, and the Standing Group of National Committees for UNICEF, have suggested that increases in private sector contributions should be matched by increases in government contributions. However, in recent years, the former have exceeded the latter, a fact the Committees see as having potentially long-term implications for UNICEF and the Board.

21. Many delegations have stressed the importance of burden-sharing among donors, because at present, a small number of Governments provide the bulk of contributions to UNICEF (see para. 26 below). This situation makes UNICEF vulnerable to changes in the domestic economies or policies of a few countries. Many countries could provide a larger share of their official development assistance (ODA) to UNICEF, which encourages Governments to increase their overall ODA contributions. Programme countries also contribute to UNICEF core resources, in addition to in-kind contributions, and the scope for increases in these contributions would need to be considered on an individual basis.

Direct support from civil society

22. Almost since its inception, UNICEF has had a unique relationship with the public around the world, through its Goodwill Ambassadors, UNICEF greeting cards and most importantly, through the National Committees for UNICEF. Support from civil society is a critical component of the UNICEF resource base: about one third of the organization's resources depend on the National Committees and on private-sector fund-raising. The total private sector contribution to UNICEF (core resources and supplementary funds) tripled between 1987 and 1996, while government contributions during the same period grew by less than one half. Other non-governmental partners include service organizations (including Rotary International, Kiwanis and the Lions Clubs), which historically have provided valuable support to UNICEF. Potential new sources of support include foundations and corporations.

23. In addition to fund-raising for UNICEF, the National Committees, through their communication activities, play a key role in increasing awareness of children's and development issues while at the same time raising the profile of UNICEF and the effectiveness of its programmes. The creation of a climate of public opinion that is favourable towards development assistance in general, and UNICEF in particular, is the basis on which Governments are able to maintain both their levels of ODA and their support to the organization. In this regard, the UNICEF programme of education for development, which encourages the formation of attitudes of global solidarity in young people - the voters and donors of tomorrow - is a crucial long-term strategy.

24. The private sector offers good potential for growth in terms of both financial and in-kind contributions. UNICEF, through its reorganized PSD, is working to expand this relationship further. New fund-raising mechanisms are being developed in cooperation with the National Committees and there is increasing sharing of "best practices" between them. The sale of greeting cards and products continues to be the foundation of the Committees' contribution, but efforts are underway through PSD to develop targeted corporate fund-raising in selected countries. The Committees are also looking at ways of contributing both to core resources and to supplementary funds for particular programmes.

E. The nature of contributions to UNICEF

25. Core resources are and must remain the foundation of UNICEF funding: they are essential to maintaining the organization's multilateral nature. The resource mobilization strategy thus aims to improve the predictability of and assure adequate growth in the core resources provided by Governments. Since 1990, contributions to core resources in real terms have stagnated, averaging around $533 million per year. The growth rate of core resources contributions has leveled off in nominal terms in the last seven years and the portion of core resources coming from Governments declined from 73 per cent in 1990 to 66 per cent in 1997.

26. A relatively limited number of Governments contribute the majority share to a stagnant or slightly declining level of government core resources. In 1997,

five Governments contributed 65 per cent of total governmental core resources and 10 Governments provided 87 per cent. The decline in core resources contributions from Governments has been offset slightly by an increase in core funding from the private sector through the National Committees for UNICEF.

27. UNICEF prefers contributions to core resources, which make it possible for the organization to have a presence in a country, give it the capacity to develop a country programme of cooperation with the Government and then support its implementation. However, many donors are interested in providing additional resources. These additional resources are indispensable to the effectiveness of UNICEF, which sees the supplementary funding mechanism as a tool for expanding the reach of country programmes and ensuring the capacity to deliver critical assistance to children. Supplementary funds are also essential to the organization's ability to respond to emergency situations.

28. Regular supplementary funds have fluctuated considerably, from a low of $165 million in 1991 to a high of $311 million in 1995, dropping back to $243 million in 1997. The government donor base is narrow, with five donors providing an average of 65 per cent of total regular supplementary funds in 1997.

29. Supplementary funds for emergencies, which increased from a low of $29 million in 1987 to a high of $214 million in 1994, declined in 1995 and 1996. They leveled off at around $100 million for two years, and are likely to remain at that level in 1998. Of course, emergency contributions vary from year to year depending on the nature and magnitude of humanitarian crises. Other factors are the amounts requested by UNICEF through consolidated appeals and the perceived importance of these crises by potential donors. While levels of total emergency income have declined over the past five years, this is largely a result of lower targets, increased focus on inter-agency coordination and the rational division of labour, more realistic planning internally and a sharper programmatic focus on children's particular needs in emergencies. While response rates have improved slightly, the income received by UNICEF still represents under 10 per cent of the total humanitarian budget allocated to United Nations agencies by donors, according to the Office of the Coordinator for Humanitarian Affairs (OCHA).

30. When there is a shortfall in income against the projections made in the annual financial MTP, UNICEF must adjust its spending accordingly. In recent years, when income has declined primarily because of the continued strength of the United States dollar and a decline in supplementary funds income, every effort has been made to avoid cutting programmes. The Management Excellence Programme has resulted in more efficient structures and processes throughout the organization, and the Executive Board has been informed of these changes through periodic reports. In addition, through the annual budgetary review process, both headquarters and field offices have been asked to look for savings that will not affect the quality of programme delivery, in such areas as travel or the use of consultants. However, a continued decline in contributions to core resources ultimately will mean smaller allocations to country programmes, based on the formula approved by the Executive Board in 1997, with the result that the programmes approved by the Executive Board might not be fully implemented.

II. The resource mobilization strategy

31. The resource mobilization strategy aims to increase contributions to core resources and make them more predictable and assured, while promoting increased burden sharing among donor governments and increased ODA contributions to benefit children through UNICEF. It also addresses issues related to both regular and emergency supplementary funds.

A. Increased contributions to core resources and burden-sharing

32. The issues of increasing contributions to core resources and increasing burden-sharing among donors are closely linked, because a small group of donors currently provide the bulk of contributions to core resources. If more Governments provided a larger share of their ODA to UNICEF, this would widen the pool of donors and provide UNICEF with substantial new resources. In an effort to encourage such an increased flow of resources, the strategy proposes the following:

(a) Since the ultimate decision to provide resources is the prerogative of each sovereign Government, while the community of Governments is responsible for multilateral organizations like UNICEF, the strategy proposes an annual pledging session to facilitate the shared intergovernmental responsibility for resource mobilization that will rely on the action of Governments;

(b) The secretariat, which has an office dedicated to government resource mobilization - PFO - will hold regular consultations with all donor Governments to explore how they may increase their contributions to core resources. To facilitate these consultations, PFO has begun to prepare consolidated country profiles that consider all aspects of fund-raising in a given country, including the government contribution, private sector fund-raising and the work of the National Committee. Because the opportunities and constraints vary in nature from country to country, PFO will develop tailor-made strategies for each donor country with a view to maximizing their support for UNICEF. The secretariat will report annually to the Executive Board on the results of these efforts, including an analysis of the constraints and opportunities encountered;

(c) Many programme countries have made a commitment to increasing their contributions to UNICEF. In programme countries, UNICEF country teams are responsible for holding discussions on the potential for resource mobilization and will hold annual discussions with government counterparts to discuss the possibility of increased contributions to core resources.

B. Greater predictability of contributions to core resources

33. Achieving greater predictability in the core resources of UNICEF is a principal objective of the strategy. One way of doing so would be for Governments to make multi-year commitments to UNICEF. However, a number of Governments are unable to do so because of their legislative and budgetary procedures. This strategy, therefore, proposes that:

(a) Governments announce their annual contributions to UNICEF core resources at the first regular session in January each year. If this is not possible, they should communicate their contribution to the Executive Board and the secretariat once their budgetary process is complete, but no later than April;

(b) At the same time, Governments either pledge their intended contributions for the next two years, or provide an indication of what their contribution might be;

(c) Governments pay their contributions in full for the current year early in the year, or announce payment schedules for the year;

(d) The secretariat prepare an analysis of the payments received against payment schedules, as part of its analysis of the predictability, obstacles, constraints and future potential introduced by the multi-year pledging process, to be included in the Executive Director's annual report to the Board.

C. Supplementary funds

Regular supplementary funds

34. Supplementary funds allow UNICEF to expand the activities of approved country programmes and of programmes at global, regional and country levels. Often, Governments that are unable to increase their contributions to core resources are able to channel additional supplementary funds through UNICEF. However, these specific-purpose contributions usually are designated by a limited number of donors for specific projects in specific countries and require fairly detailed reporting on each individual contribution. Certain regions, for example West and Central Africa, historically have attracted low levels of supplementary funding despite their demonstrated needs, although contributions are gradually improving.

35. In line with many donors' growing interest in "results-based" budgeting and in using their development assistance to focus on specific policy areas, i.e., girls' education, there is an increasing emphasis on coordinated sectoral programmes at field level. Recent, successful contributions of this type include funds provided for girls' education in Africa by Canada and Norway; for children in need of special protection, by the Netherlands; and for the Mekong multi-country AIDS initiative, by the Netherlands. There is a growing awareness by donors and UNICEF that such thematic priorities provide a new modality for mobilizing resources around issues that are subregional, regional or even global in scope, such as child labour, landmines or girls' education. These problems, and other areas of programme intervention which have emerged as major priorities during the 1990s, such as universal salt iodization and polio eradication, are often appropriate for a thematic, multi-country approach. Supplementary funds provided to UNICEF for such initiatives could be applied flexibly and also help to address imbalances in supplementary funding that can result from multilateral or bilateral funding priorities.

36. With respect to supplementary funding, the secretariat has also made a commitment to improve the quality of donor reports. One way of doing so would be to

replace the current practice of providing each donor with an individual report for each contribution made to supplementary funds, with an annual progress report on a given sector within a country. This would also be true for core resources. A sample report along these lines was developed on "health in Uganda". Prior to making their annual contributions, donors could agree with UNICEF on the broad strategic thrusts of their contributions, which would be in line with their own ODA priorities. The reports could provide details about individual donor contributions to the relevant sector. Using PROMS and FLS, the secretariat will be able to provide donors with additional details if necessary. This new reporting system would reduce the time required for preparing the reports and provide donors with a better indication of the impact of their contributions to supplementary funds and how they support the work made possible with core resources.

37. To address these two issues, the strategy proposes that:

(a) As part of its regular consultations with donor Governments, PFO explore thematic, multi-country approaches. The secretariat will report annually on the results of these efforts, and on traditional contributions to supplementary funds;

(b) PFO work with donor Governments and National Committees on a new reporting system and report on progress.

Emergency contributions

38. In the past year, UNICEF has significantly strengthened its participation in the United Nations Consolidated Appeals Process, involving headquarters, regional and field offices in a effort to have a more timely, focused and coordinated effort. As a result, potential measures to improve resource mobilization have been identified, with the ultimate aim of improving the predictability, speed and effectiveness of the UNICEF emergency response.

39. Within the inter-agency context, UNICEF will continue to focus on programmes for children and women, concentrating increasingly on situations and areas that result in displacement; advocacy, child protection and child rights in conflict and unstable situations; and reducing the impact of emergencies, including natural disasters, on children. The secretariat has identified measures that would give UNICEF greater flexibility in the way it manages emergency funds, thus improving the organization's efficiency in delivering services to children during humanitarian crises.

40. **Early planning of allocations**. Greater certainty of the expected resource base would improve coordinated inter-agency responses and allow for greater predictability of UNICEF actions within this framework Greater efficiency in the use of funds is contingent upon the early planning of allocations. Earlier scheduled appeals by OCHA, allowing donor Governments to be provided with information on complex emergencies early in 1999 and every year thereafter, needs to be complemented by greater predictability and access to the required resource base. Therefore, the strategy proposes that:

(a) Governments provide an earlier indication and commitment of planned contributions for emergency programmes, upon receipt of OCHA consolidated appeals;

(b) Wherever possible, UNICEF and donors will establish framework agreements. PFO will discuss this with individual donors in the course of its regular bilateral consultations.

41. **Earmarking of contributions**. Most emergency contributions are earmarked by donors for specific sectors. However, such strict earmarking does not allow for a flexible response by UNICEF. Therefore, the strategy proposes that:

(a) Governments consider providing maximum flexibility in using funds for priority needs as they emerge in rapidly shifting emergency situations. The secretariat recommends that donors consider measures that would give UNICEF greater discretion in moving funds between sectors or within regions. These measures could include, for example, leaving 20 per cent of a contribution as non-earmarked;

(b) PFO explore what level of flexibility will be possible for each donor.

42. **Simplified reporting**. To alleviate the workload of field offices and still provide full accountability, the strategy proposes:

A revised reporting system, which would provide an overall general report for each specific appeal, accompanied by a summary of contributions from

various sources and of total expenditures, broken down by sector.

D. Supporting strategies and actions

43. Supporting the resource mobilization strategies are a series of key activities undertaken by the secretariat, described below.

UNICEF communication activities

44. Communication is crucial to resource mobilization efforts globally and in both donor and programme countries. The communication policy (E/ICEF/1998/10) approved by the Executive Board at its 1998 annual session set out a strategy for using communication in support of resource mobilization. UNICEF communication activities at global level are coordinated by the Division of Communication and at the national level in industrialized countries through a key partnership with the National Committees. The common objectives are to increase awareness of children's issues, raise the profile of UNICEF and its programmes and establish the organization's credibility, thus creating a climate favourable to continued support from the general public. These objectives are achieved by illustrating the effectiveness of UNICEF programmes through various media, including publications, television, radio, the World Wide Web, exhibitions, etc.. These activities, in addition to special events, the activities of international and national Goodwill Ambassadors and media field visits, also draw attention to UNICEF programmatic achievements.

45. The particular mix of communication activities used in support of resource mobilization will vary depending on the audience that is to be reached and for what purpose, and will be determined based on priorities within existing budgetary resources. These activities are based on the results achieved by UNICEF at field level. The work of the National Committees is vital to this effort, because they promote the "message" of UNICEF in their countries. The secretariat supports the Committees in a variety of ways, including workshops and the provision of publications, photos and other materials. For example, the annual flagship publication, the *State of the World's Children*, in recent years has generated a great deal of media attention to the issues of child labour, children in war and nutrition. The UNICEF site on the World Wide Web (**www.unicef.org**) receives more than 2.7 million "hits" per month (up from 1.1 million one year ago), and many National Committees operate their own sites. The secretariat is exploring ways of using the Internet as a way of increasing revenue for UNICEF.

Private Sector Division

46. Support from the private sector, primarily through the National Committees, is critical to UNICEF resource mobilization efforts, providing one third of the organization's income through greeting card and product sales and direct fund-raising. To maximize private sector revenue with its limited financial and human resources, PSD has been reorganized over the last year. The end result has been a change in organizational concept, structures and business practices.

47. PSD is improving its methodologies and business processes and clarifying its role and responsibilities and those of its key partners, the National Committees. The new concept of "brand management" has been introduced, meaning that whether through product sales or appeals to the general public or corporate partners, the "UNICEF brand" is being leveraged. Through this approach, the planning and execution of greeting card campaigns are combined with fund-raising campaigns. Because of the value and importance of this name, every fund-raising appeal or approach to targeted consumers or corporations must be carefully chosen and strategically applied. The intent is to leverage the UNICEF name to maximize contributions to the organization.

48. The sale of greeting cards historically has been a major source of core resources revenue, and changes have been instituted in their development and marketing to maximize that revenue. As of 1999, the spring card collections will include cards for such occasions as Valentine's Day, Easter and Mother's Day, enlarging the year-round outreach of UNICEF greeting cards. The product collection has been entirely redesigned and represents a new, thematically driven gift collection for children.

49. In terms of corporate fund-raising, a new section within PSD has been established to develop and manage international corporate fund-raising alliances. The overall strategy is to focus on a few key markets in countries with National Committees and programme countries that have a high fund-raising potential, specifically targeting the corporate sector. Specific strategies will be worked out with the concerned National Committees or field offices.

50. Ongoing successful corporate partnerships are continuing to expand and generate increased revenue for and awareness of UNICEF. These include the "Change for Good" and "Check-Out for Children" programmes with major airlines and hotels, respectively, as well as the relationship with Time Warner spotlighted by the 1998 Goodwill Games held in New York City.

51. PSD will also continue to foster longer-term thematic fund-raising programmes with such service clubs as Kiwanis (for iodine deficiency), Rotary International (for polio eradication) and the Lions Clubs (for educational kits). These groups, whose members volunteer their time and undertake innovative fund-raising, have developed a valuable relationship with UNICEF.

52. Foundations are a potential new source of support that UNICEF is continuing to explore and develop. In May 1998, UNICEF received pledges of nearly $6.5 million for grants from the United Nations Foundation, the entity formed to distribute a $1 billion gift to the United Nations from Ted Turner. Six UNICEF proposals were approved for work in Africa, Indonesia and Viet Nam on issues ranging from fighting disease to demobilizing child soldiers. In June 1998, the Foundation approved $9.1 million for an additional three projects on HIV/AIDS, girls' education and health and polio eradication.

The role of UNICEF field offices

53. Several donors are beginning to decentralize responsibility for determining programme priorities and financing, as well as reporting. The UNICEF country team is thus in a pivotal position in terms of establishing direct contacts with donors and in maintaining a closer partnership with the host Government in identifying priorities and assessing needs. In an Executive Directive sent to all country offices, the Executive Director asked that country teams develop national fund-raising strategies for supplementary funding as part of the country programme planning process. All regional offices have developed regional resource mobilization strategies, which will be updated annually.

Managing exchange rate fluctuations

54. The continued strength of the United States dollar continues to have an adverse effect on UNICEF income. At the 1998 annual session, many delegations requested an analysis of this problem and asked what, if anything, UNICEF could do to manage it.

55. It is necessary to state at the outset that the base currency used by UNICEF (and the United Nations) is the United States dollar. In 1997, 41 per cent of convertible funds received into treasury operations were in United States dollars and 59 per cent were in other currencies. Of convertible funds disbursed from treasury operations in 1997, 84 per cent were in United States dollars and 16 per cent in other currencies.

56. The mismatch by currency of receipts to currency of disbursements creates a foreign exchange exposure. In the UNICEF environment, a rising United States dollar will result in more income being lost than purchasing power being gained. The conservative approach that UNICEF takes is to reduce foreign exchange risk by holding currency positions in the portfolio that offset existing or anticipated liabilities by currency. Therefore, UNICEF is a net seller of currencies and purchaser of United States dollars.

57. The euro has the potential for reducing the inter-currency risk of UNICEF for participating currencies, and will provide new cash management opportunities. The euro will be introduced in January 1999, at which time exchange rates between participating national currencies will be fixed.

58. In most instances, UNICEF is not provided with a pledge or a payment schedule. Forward sales of currencies based on estimates would actually increase the foreign exchange exposure. In order to have a successful hedging strategy, UNICEF would require a commitment from Governments and National Committees regarding minimum amounts to be paid to UNICEF, the latest possible dates they will be paid and the currency of payment.

59. UNICEF is a cautious trader in the foreign exchange markets. This basic stance is necessary to limit the risk of loss while preserving purchasing value.

E. Other means of mobilizing resources for UNICEF and for children

60. UNICEF will continue to work with the European Union, the Bretton Wood institutions and other partners to mobilize and leverage additional resources for UNICEF and for children.

The Bretton Woods institutions

61. UNICEF is working to develop new ways of collaboration in the social sectors with Governments and the Bretton Woods institutions, particularly the World Bank. With the approval of Governments implementing loans from the International Development Association, UNICEF provides technical assistance and procurement services. This partnership draws on UNICEF experience and moves forward "best practices" for policies and projects benefiting children. New agreements have been negotiated in Yemen for $30 million for a child development project and in Bangladesh for $10 million for education. UNICEF has received a commitment from the World Bank Institutional Grant Facility for $3 million for girls' education in Africa and Asia, in addition to support for a two-country study on children in armed conflict and through Action Aid, for a project supporting youth in crisis in Sierra Leone. A new form of collaboration is an AIDS project in Brazil, through which the Ministry of Health and the Bank jointly provided $14.6 million for a four-year cooperation agreement with UNICEF.

62. Regional priorities for collaboration between UNICEF and the World Bank are maternal mortality reduction, youth and violence in Latin America, primary education in 15 African countries where school enrolment has dropped to below 50 per cent and private sector support and girls' education in the Middle East. Two areas receiving increasing attention are child labour and community re-integration in post-conflict countries. Other areas for partnership are the 20/20 Initiative, the Sector Investment Programmes, of which Ghana is a prominent example, and the Sector-Wide Approaches to Development.

63. UNICEF collaboration with the regional development banks is expanding, particularly with the Asian Development Bank. The International Fund for Agricultural Development and the Government of Côte d'Ivoire provided $1 million to UNICEF over a six-year period as part of a larger government loan for a food security project.

64. UNICEF and the World Bank hold policy meetings twice each year. UNICEF representatives in the concerned countries play a crucial role in collaboration with the Bretton Woods Institutions and regional development banks, supported by a headquarters review team.

The European Union

65. The UNICEF Brussels Office is in charge of overall cooperation with the European Union at the level of both the European Commission and the European Parliament. The office's main function is to develop gradually a partnership with the Union for the promotion and protection of child rights. It is expected to take many forms and therefore is not limited to the direct funding of UNICEF projects, even though this remains an important objective.

66. Resource mobilization efforts are based on a strong programmatic dialogue with the Commission and the UNICEF comparative advantage in certain key areas of mutual interest. To date, most contributions have been received from the European Commission Humanitarian Office. In 1996, funds amounting to 12 million European currency units (ECUs) ($15.1 million) were received for 27 projects in 16 countries. In 1997, this increased to 15 million ECUs ($17.6 million) for 26 projects in 15 countries, and it is expected to increase even further in 1998.

67. Growth in funding is hampered by bottlenecks and in some cases incompatibilities between the administrative and financial requirements of the European Commission, the United Nations and UNICEF financial rules and regulations, which at times have obliged UNICEF to decline contributions. UNICEF has encouraged the opening of comprehensive negotiations between the United Nations Secretariat and the Commission to resolve the issue. Hopefully, a general agreement that will be valid for all United Nations agencies will be concluded in late 1998 or early 1999.

68. The European Commission's inclination to support non-governmental organizations as opposed to United Nations agencies on the grounds that the latter already are funded bilaterally by the Member States, represents an additional obstacle. This view is not always shared by the Member States, however, which would welcome an enhanced partnership between the Commission and United Nations agencies. Members of the Executive Board that also are members of the European Union may wish to promote closer and more harmonious collaboration between the Union and UNICEF.

Debt relief

69. While not a means of mobilizing resources for UNICEF, debt relief is an important element of a helping

countries increase the resources they devote to children and to basic social services. UNICEF believes that the external debt burden is a serious obstacle in several countries to reaching the decade's goals for children. The Heavily Indebted Poor Country Initiative has the potential for releasing substantial resources for basic social services. The Initiative explicitly asks debtor countries to undertake social policy reforms to improve, *inter alia*, primary health care and basic education. UNICEF, however, is concerned about the slow implementation of the Initiative and urges creditors to grant debt relief to all eligible countries by the year 2000 and to reduce the conditions for eligibility. UNICEF stands ready to work with Governments and the international community to ensure that resources resulting from debt relief agreements are channeled directly to programmes for children. Debt relief offers a concrete opportunity for UNICEF to mobilize resources through arrangements that will allow debtor Governments to work with UNICEF on specific activities in favour of children.

III. Recommendation

70. The Executive Director *recommends* the adoption of the following draft decision:

The Executive Board

1. *Welcomes* the role of UNICEF in fulfilling its mission as the lead United Nations agency for children, especially with regard to supporting national efforts to reach the goals of the World Summit for Children and to implement the Convention on the Rights of the Child;

2. *Recognizes* the medium-term plan as the centrepiece of a flexible, results-based, multi-year strategic framework that integrates a vision for children for the next century, specific programme objectives, the financial plan and the funding target, and that the annual report of the Executive Director will report on progress and results against the plan;

3. *Endorses* the funding target of an annual growth in income of 7 per cent, to reach $1.5 billion by 2005, as a feasible challenge to UNICEF and its donors and which would allow UNICEF to achieve its programme priorities;

4. *Expresses appreciation* to the National Committees for UNICEF for their invaluable contribution to UNICEF, which accounts for about one third of the organization's total income, and requests the secretariat, specifically through the Regional Office for Europe, the Private Sector Division and the Division of Communication, to continue to support the Committees' efforts;

5. *Decides* to adopt the following measures in order to increase contributions to core resources and make them more assured and predictable, and to promote burden-sharing among donors:

(a) The first regular session each January will be designated as the time when Governments will:

(i) Announce their annual voluntary contributions to UNICEF core resources, as follows: a firm funding commitment for the current year; for those in a position to do so, a firm contribution or indication of the contribution for the following year, and a firm or tentative contribution for the third year. If this is not possible, they will communicate their contribution to the Executive Board and the secretariat once their budgetary process is complete, but no later than April;

(ii) Announce their payment schedules for the current year. Early payments should be encouraged;

(b) The secretariat, through its Programme Funding Office (PFO), will hold regular consultations with all donor Governments to explore how it may support their increasing their contributions to core resources. PFO will develop tailor-made strategies for each donor country with a view to maximizing their support for UNICEF and the

secretariat will report on the results of these efforts, including an analysis of the constraints and opportunities encountered;

(c) In programme countries, UNICEF representatives will hold annual discussions with government counterparts to discuss the possibility of increased contributions to core resources;

(d) The secretariat will prepare an analysis of the payments received against payment schedules, to be included in an analysis of the predictability, obstacles, constraints and future potential introduced by the multi-year pledging process;

6. *Further decides* that UNICEF shall adopt the following measures concerning contributions to supplementary funds:

(a) For regular supplementary funds:

(i) As part of its regular consultations with donor Governments, PFO will explore thematic, multi-country approaches. The secretariat will report annually on the results of these efforts, and on traditional contributions to supplementary funds;

(ii) PFO will work with donor Governments and National Committees on a new reporting system and report on progress;

(b) For emergency contributions:

(i) Governments will provide an early indication and commitment of planned contributions for emergency programmes for the year, upon receipt of consolidated appeals from the Office of the Coordinator for Humanitarian Appeals;

(ii) Wherever possible, UNICEF and donor Governments will establish framework agreements. PFO will discuss this with individual government donors in the course of its regular bilateral consultations;

(iii) Governments will consider providing maximum flexibility in using funds for the most urgent needs as they emerge in rapidly shifting emergency situations, giving UNICEF greater discretion in moving funds between sectors or within regions. These measures could include, for example, leaving 20 per cent of a contribution as non-earmarked;

(iv) PFO will explore what level of flexibility will be possible for each government donor and report on the results of these discussions;

(v) A revised reporting system will be considered, to provide an overall general report for each specific appeal, accompanied by a summary of contributions from various sources and of total expenditures, broken down by sector;

7. *Requests* the Executive Director to consider the possibility of changing the timing of the presentation to the Executive Board of the various elements of the multi-year framework, including, *inter alia*, the medium-term plan and the biennium budget, to allow for increased harmonization in these presentations, and to report to the Board at its first regular session in 2000 about the feasibility of this proposal;

8. *Further requests* the Executive Director to report to the Board each year, in her annual report to the Executive Board, on the progress made to date in the implementation of the present decision.